

July 28, 2015

VIA ECFS

NOTICE OF EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, DC 20554

Re: *Technology Transitions, GN Docket No. 13-5; AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition, GN Docket No. 12-353*

Dear Ms. Dortch:

On July 24, 2015, Rob Hale, Chief Executive Officer of Granite Telecommunications, LLC (“Granite”), Michael B. Galvin, General Counsel of Granite, representatives of three Granite customers—Sahal Laher, Chief Information Officer of Brooks Brothers, Inc., Andy Laudato, Chief Information Officer of Pier 1 Imports, Inc., and member and former chairman of the National Retail Federation CIO Council, and David Schacht, Chief Information Officer of Simon Property Group, Inc.—as well as the undersigned, counsel for Granite, held separate meetings with (1) Chairman Tom Wheeler, Jonathan Sallet, General Counsel of the FCC, and Matt DelNero, Chief of the Wireline Competition Bureau, (2) Commissioner Jessica Rosenworcel and Travis Litman, Legal Advisor to Commissioner Rosenworcel, (3) Nick Degani, Legal Advisor to Commissioner Ajit Pai, and Trey O’Callaghan, an intern in Commissioner Pai’s office, and (4) Commissioner Michael O’Rielly and Amy Bender, Legal Advisor to Commissioner O’Rielly.

During the meetings, Mr. Hale explained that Granite provides TDM-based telephone services to Brooks Bothers, Pier 1, Simon Properties, and many other multi-location businesses throughout the country. Granite provides these services by reselling wholesale services purchased from incumbent LECs and combining those wholesale inputs with superior customer service to provide a turnkey solution to meet the communications needs of these large, multi-location companies.

Also during the meetings, Messrs. Laher, Laudato, and Schacht each described the importance of TDM-based telephone services to their retail businesses. For example, Messrs. Laher and Laudato explained that their companies rely on TDM-based telephone lines (1) to enable sales associates to talk to customers about products available in stores, (2) to enable sales associates and customers in stores to communicate with the employees of the companies’ online operations for the purpose of, among other things, ordering products not available in stores, (3) for alarm service connectivity, and (4) for back-up connectivity for broadband lines. In addition,

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Mr. Schacht explained that it is critical that his company provide its retail tenants with reliable TDM-based telephone service.

Messrs. Laher and Laudato also explained that their companies have benefitted significantly from competition provided by competitors like Granite. They explained that incumbent LECs own the only viable physical connection to many of their store locations. In particular, both companies have found that (1) fixed wireless services are unreliable and often require the deployment of equipment that is not a realistic option for retail locations, (2) mobile wireless service is not a viable solution for the companies' in-store needs, and (3) cable company facilities do not serve a large percentage of their locations (in fact, Mr. Laudato stated that Pier 1's most recent survey concluded that existing cable plant does not reach approximately 90 percent of Pier 1's store locations) and that it is prohibitively expensive to pay a cable company to deploy new loop facilities to a store location. They further explained that only companies like Granite have been willing and able to offer TDM-based telephone service to all of the companies' store locations. Mr. Laudato explained that incumbent LECs have been unwilling to provide Pier 1 service outside of the incumbent LECs' territory. Moreover, Messrs. Laher and Laudato explained that Granite has delivered significant benefits in the form of superior customer service, lower transaction costs, and lower prices as compared to incumbent LEC TDM-based telephone service offerings.

Mr. Schacht explained that the so-called "Granite Grid" solution has provided significant benefits to Simon Property malls and its retail tenants. As part of that solution, Granite manages the fiber that Simon deploys inside its malls (*i.e.*, inside wire facilities up to the property demarcation point) to serve each of the mall tenant locations, and Granite combines those facilities with last-mile connections that Granite leases from incumbent LECs to provide voice and data services. Mr. Schacht explained that he approached incumbent LECs to provide this service to Simon Property, but they were not interested in doing so.

In light of the unique benefits that result from the presence of Granite and similarly-situated competitors in the marketplace, Messrs. Laher, Laudato, and Schacht emphasized that the Commission should ensure that the technology transition from legacy TDM-based technologies to IP-based technologies does not undermine Granite's and similarly-situated competitors' ability to provide competitive telephone and data service offerings.

Please do not hesitate to contact me if you have any questions or concerns regarding this submission.

Respectfully submitted,

/s/ Thomas Jones

Counsel for Granite Telecommunications, LLC

cc: Meeting participants